
CALIFORNIA PUBLIC EMPLOYEES' RETIREMENT SYSTEM
BOARD OF ADMINISTRATION
MINUTES OF MEETING
April 19, 2006

A meeting of the Board of Administration was held on Wednesday, April 19, 2006, CalPERS Auditorium, Lincoln Plaza North, 400 Q Street, Sacramento, California.

Board President Rob Fecker called the meeting to order at 9:00 a.m.

The Secretary called the roll and the following Board members were present:

Rob Feckner, President
Robert Carlson, Vice President
James Zerio representing Philip Angelides
George Diehr
Priya Sara Mathur
Debbie Endsley representing Michael Navarro
Tony Oliveira
Michael Quevedo
Kurato Shimada
Maeley Tom
Charles Valdes
Nick Smith representing Steve Westly

Marjorie Berte, excused

AGENDA ITEM 3 – ANNOUNCEMENT OF CLOSED SESSION

President Feckner announced there will be no closed session.

President Feckner announced that agenda item 7 will be heard out of order.

AGENDA ITEM 7 – BENEFITS AND PROGRAM ADMINISTRATION COMMITTEE

Kurato Shimada, Chair, Benefits and Program Administration Committee, presented the Committee Summary report to the Board. The Committee met on Tuesday, April 18, 2006.

Additional information may be found in the April 18, 2006 agenda materials and/or transcripts of the Committee meeting.

On motions by the Committee, the Board approved the following:

- ◆ Oppose position on AB 1961. Debbie Endsley abstained.
- ◆ Support position on AB 2244.
- ◆ Neutral position on AB 2766. Debbie Endsley voted no.
- ◆ Neutral position on SB 1187.
- ◆ Neutral position on SB 1273.

- ♦ June 30, 2005 Volunteer Firefighters' Length of Service Award System Valuation Report.
- ♦ June 30, 2005 Judges' Retirement System Actuarial Valuation Report and Transmittal Letter to the Governor and Legislature.

The next Committee meeting is scheduled for May 16, 2006 in Sacramento, California.

AGENDA ITEM 4 – APPROVAL OF THE MARCH 15, 2006 MEETING MINUTES

ON MOTION by Mr. Valdes, **SECONDED** and **CARRIED**, the Board approved the March 15, 2006 meeting minutes.

AGENDA ITEM 5 – CHIEF INVESTMENT OFFICER'S/ASSISTANT EXECUTIVE OFFICER'S REPORT

Anne Stausboll, Interim Chief Investment Officer presented this report to the Board.

The total market value of the fund as of April 17 was \$206.4 billion. The highest market value on April 5 was \$208.5 billion.

Very positive first quarter, month-end value of the fund as of March 31 was \$205.9 billion. The total plan return for the first quarter, 2006 was 4.4 percent, slightly over benchmark. The return for the fiscal year to date is 12.4 percent, compared to the benchmark of 11.3 percent. The total fund return for the 12 months ending March 31 was 15.8 percent, against a benchmark of 14.2 percent.

President Feckner reported the Board made a selection for the new Chief Investment Officer, Russell Read. Mr. Read is the former Deputy Chief Investment Officer for Deutsche Asset Management. Mr. Feckner thanked everyone involved in the interview process.

AGENDA ITEM 6 – INVESTMENT COMMITTEE

Charles Valdes, Chair, Investment Committee, presented the Committee Summary report to the Board. The Committee met on Monday, April 17, 2006.

Additional information may be found in April 17, 2006 agenda materials and/or transcripts of the Committee meeting.

The Board accepted the Committee Summary report (attached).

The next Committee meeting is scheduled for May 15, 2006 in Sacramento, California.

AGENDA ITEM 8 – HEALTH BENEFITS COMMITTEE

George Diehr, Chair, Health Benefits Committee, presented the Committee Summary report to the Board. The Committee met on Tuesday, April 18, 2006.

Additional information may be found in the April 18, 2006 agenda materials and/or transcripts of the Committee meeting.

On motions by the Committee, the Board approved the following:

- ◆ Support position on AB 2132. Debbie Endsley abstained.
- ◆ Support position on SB 1168. Debbie Endsley voted no.
- ◆ Support position on SB 1263.
- ◆ Sponsor legislation to provide the CalPERS Board greater flexibility in its implementation of Medicare Part D.
- ◆ 2006 rates for the Long-Term Care Program that include appropriate margins for moderately adverse conditions without any subsidization across benefit designs.

The next Committee meeting is scheduled for May 16, 2006 in Sacramento, California.

AGENDA ITEM 9 – FINANCE COMMITTEE

Robert Carlson, Chair, Finance Committee, presented the Committee Summary report to the Board. The Committee met on Friday, April 14, 2006.

Additional information may be found in the April 14, 2006 agenda materials and/or transcripts of the Committee meeting.

On motions by the Committee, the Board approved the following:

- ◆ Independent financial auditor, Deloitte & Touche, to perform non-audit services related to CalPERS' Fiscal Services Division Accounting Action Plan 2006. Nick Smith voted no.
- ◆ First reading of the CalPERS Three-Year Business Plan 2006-07 through 2008-09.
- ◆ Discharge from Accountability Uncollectible Debt totaling \$34,425.
- ◆ Second readings proposed fiscal year 2006-07 administrative budget of \$261,831,143 and 1,924 positions, proposed fiscal year 2006-07 CalPERS headquarters building account budget of \$33,242,277, proposed fiscal year 2006-07 enterprise projects budget of \$35,916,500, and transmittal letter for this agenda item to the Joint Legislative Budget Committee, Fiscal Committees of the Legislature, State Controller, and Department of Finance, in accordance with the Budget Act of 2005, and to the Legislative Analyst's Office, State and Consumer Agency, and Office of Legislative Counsel. James Zerio voted no.

The next Committee meeting is scheduled for June 16, 2006 in Sacramento, California.

AGENDA ITEM 10 – PERFORMANCE AND COMPENSATION COMMITTEE

Priya Mathur, Acting Chair, Performance and Compensation Committee, reported the Committee did not meet this month.

AGENDA ITEM 11 – AD HOC BOARD GOVERNANCE COMMITTEE

Rob Feckner, Chair, Ad Hoc Board Governance Committee, reported the Committee did not meet this month.

AGENDA ITEM 12– BOARD MEETING CALENDAR

Fred Buenrostro presented this item to the Board. Mr. Buenrostro noted the CalPERS/CalSTRS (co-sponsors) Diversity Conference in San Jose, April 24 & 25. Also local officials and leaders of the stakeholder organizations will be receiving invitations to CalPERS official dedication of the new headquarters project, scheduled for May 15.

AGENDA ITEM 13 – CHIEF EXECUTIVE OFFICER’S REPORT

Mr. Buenrostro commented on the major effort with the CIO hiring process. President Feckner thanked Fred and staff for doing a fine job on bringing the candidates to the Board and keeping everything compliant during the process.

AGENDA ITEM 14 – BOARD’S STATE LEGISLATIVE PROGRAM/BOARD’S POSITION ON STATE LEGISLATION

David Rubio, CalPERS staff, presented SB 1207, Senator Richard Alarcon, establishing a majority vote standard as a default rule in contested Board of Director elections of publicly traded corporations incorporated in California.

ON MOTION by Ms. Mathur, **SECONDED** and **CARRIED**, the Board approved a co-sponsor position on SB 1207.

AGENDA ITEM 15– BOARD’S FEDERAL LEGISLATIVE PROGRAM/BOARD’S POSITION ON FEDERAL LEGISLATION

Leigh Snell, CalPERS Federal Legislative Liaison, spoke on the following issues:

- ♦ S. 1955

ON MOTION by Mr. Smith, **SECONDED** and **CARRIED**, the Board opposed S 1955.

AGENDA ITEM 16 – PROPOSED DECISIONS OF ADMINISTRATIVE LAW JUDGES

Nick Smith recused himself from this agenda item.

ON MOTION by Ms. Endsley, **SECONDED** and **CARRIED**, the Board adopted staff’s recommendations on item A to deny the appeal of Richard R. Lane.

AGENDA ITEM 17 – PETITION FOR RECONSIDERATION

ON MOTION by Mr. Diehr, **SECONDED** and **CARRIED**, the Board moved staff recommendation to deny the petition for reconsideration.

AGENDA ITEM 18 – GENERAL COUNSEL’S REPORT

Peter Mixon reported there are no new case reports.

AGENDA ITEM 19 – BOARD TRAVEL APPROVALS

ON MOTION by Mr. Shimada, **SECONDED** and **CARRIED**, the Board approved travel request item 19A. James Zerio voted no.

ON MOTION by Mr. Valdes, **SECONDED** and **CARRIED**, the Board approved travel request item 19B. James Zerio voted no.

AGENDA ITEM 20 – DRAFT AGENDA FOR MAY 17, 2006 MEETING

The Board accepted the draft agenda.

There being nothing further to come before the Board of Administration, the meeting adjourned at 9:46 a.m.

FRED BUENROSTRO
Chief Executive Officer